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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM-10Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 33-15932

SOUTHMARK SAN JUAN, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	71-2132723
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Isla Verde Avenue Carolina, Puerto Rico	00979
(Address of principal executive offices)	(Zip Code)

(Registrant's telephone number, including area code) (214) 386-9777

(Not Applicable)

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 13, 1992
Common Stock, $1.00 par value	1,960 Shares

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PART I: FINANCIAL INFORMATION

Introductory Notes to Financial Statements

The financial statements as of March 31, 1992, and for the three and nine month periods ended March 31, 1992 and 1991 have been prepared by Southmark San Juan, Inc. (the "Company") without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, these financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position of the Company as of March 31, 1992, the results of its operations for the three and nine month periods ended March 31, 1992 and 1991 and its cash flows for the nine month periods ended March 31, 1992 and 1991.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's 1991 Annual Report on Form 10-K.

The Company's principal operating asset is the Sands Hotel and Carino located in San Juan, Puerto Rico (the "Sands San Juan"). Historically, the Sands San Juan's operations have been highly seasonal in nature, with the peak activity occurring from December to April; consequently, the results of operations for the three and nine month periods ending March 31 are not necessarily indicative of the operating results for a full year.

SOUTHMARK SAN JUAN, INC.

BALANCE SHEETS

ASSETS

	March 31, 1992 (Unaudited)	June 30, 1991
Current assets:		
Cash and cash equivalents	$ 2,186,000	$ 1,889,000
Accounts receivable, net of allowances of $3,146,000 and $2,888,000, respectively	1,990,000	1,795,000
Inventories	555,000	685,000
Prepaid expenses	279,000	905,000
Total current assets	5,010,000	5,274,000
Property and equipment:		
Land	4,543,000	4,543,000
Buildings	33,208,000	33,212,000
Furniture and equipment	7,190,000	6,714,000
	44,941,000	44,469,000
Less - accumulated depreciation and amortization	10,684,000	8,757,000
Net property and equipment	34,257,000	35,712,000
	$ 39,267,000	$ 40,986,000

The accompanying introductory notes and notes to financial statements are an integral part of these balance sheets.

SOUTHMARK SAN JUAN, INC.

BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' DEFICIT

	March 31, 1992 (Unaudited)	June 30, 1991
Current liabilities:		
Industrial revenue bonds	$ 38,000,000	$ 38,000,000
Note payable	4,980,000	4,980,000
Accounts payable	1,718,000	2,521,000
Accrued liabilities:		
Interest	6,221,000	3,105,000
Payroll and related	862,000	992,000
Other	2,160,000	1,007,000
Due to shareholders	6,955,000	5,762,000
Shareholders' advances	17,413,000	17,413,000
Total current liabilities	78,309,000	73,780,000
Deferred incentive fees payable	1,232,000	1,010,000
Shareholders' deficit:		
Common stock, $1.00 par value per share; 5,000 shares authorized; 1,960 shares issued and outstanding	2,000	2,000
Additional paid-in capital	1,500,000	1,500,000
Accumulated deficit	(41,776,000)	(35,306,000)
Total shareholders' deficit	(40,274,000)	(33,804,000)
	$ 39,267,000	$ 40,986,000

The accompanying introductory notes and notes to financial statements are an integral part of these balance sheets.

SOUTHMARK SAN JUAN, INC.

STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Revenues:		
Casino	$ 2,788,000	$ 2,409,000
Rooms	4,228,000	3,856,000
Food and beverage	1,346,000	1,208,000
Other	335,000	218,000
	8,697,000	7,691,000
Less - promotional allowances	(876,000)	(562,000)
Net revenues	7,821,000	7,129,000
Expenses:		
Casino	1,849,000	1,705,000
Rooms	1,095,000	1,023,000
Food and beverage	1,095,000	1,055,000
Other	209,000	160,000
Depreciation and amortization	657,000	617,000
Selling, general and administrative	2,749,000	2,434,000
Interest	1,515,000	1,626,000
Total expenses	9,169,000	8,620,000
Net loss	$ (1,348,000)	$ (1,491,000)
Net loss per common share	$ (688)	$ (762)

The accompanying introductory notes and notes to financial statements are an integral part of these statements.

SOUTHMARK SAN JUAN, INC.

STATEMENTS OF OPERATIONS
(Unaudited)

	Nine Months Ended March 31,	
	1992	1991
Revenues:		
Casino	$ 7,392,000	$ 6,896,000
Rooms	9,901,000	10,809,000
Food and beverage	3,704,000	3,898,000
Other	1,035,000	809,000
	22,032,000	22,412,000
Less - promotional allowances	(2,222,000)	(2,089,000)
Net revenues	19,810,000	20,323,000
Expenses:		
Casino	5,022,000	5,222,000
Rooms	3,013,000	3,212,000
Food and beverage	3,031,000	3,398,000
Other	666,000	477,000
Depreciation and amortization	1,973,000	1,953,000
Selling, general and administrative	7,848,000	7,653,000
Interest	4,727,000	5,032,000
Total expenses	26,280,000	25,947,000
Net loss	$ (6,470,000)	$ (6,624,000)
Net loss per common share	$ (3.301)	$ (3.380)

The accompanying introductory notes and notes to financial statements are an integral part of these statements.

SOUTHMARK SAN JUAN, INC.

STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended March 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (6,470,000)	$ (6,624,000)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,973,000	1,953,000
Provision for doubtful accounts	528,000	(444,000)
(Increase) decrease in accounts receivable	(723,000)	171,000
Decrease in insurance claim receivable	-	1,500,000
Decrease in inventories and prepaid expenses	756,000	870,000
Increase in accounts payable, accruals and other	4,751,000	3,331,000
Net cash provided by operating activities	815,000	757,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment, net	(518,000)	(65,000)
DECREASE IN CASH AND CASH EQUIVALENTS	(297,000)	692,000
CASH AND CASH EQUIVALENTS, beginning of period	1,889,000	1,625,000
CASH AND CASH EQUIVALENTS, end of period	$ 2,186,000	$ 2,317,000

The accompanying introductory notes and notes to financial statements are an integral part of these statements.

SOUTHMARK SAN JUAN, INC.

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(1) Organization and Basis of Presentation

Southmark San Juan, Inc. (the "Company"), a Delaware corporation, was incorporated during April 1986 for the purpose of acquiring, renovating and owning the Sands Hotel and Casino in San Juan, Puerto Rico (the Sands San Juan). The Company's outstanding common shares are owned by Southmark Corporation ("Southmark") and SJPR Management, Inc. ("SJPR"), 51% and 49%, respectively. SJPR is a wholly owned subsidiary of Pratt Hotel Corporation ("Pratt"). The operations of the Sands San Juan are managed by SJPR, Inc., also a wholly owned subsidiary of Pratt.

Since inception, the Company has sustained annual cash operating deficits which have been funded by shareholders' advances and other sources. There is no assurance that the shareholders will be able to provide additional financing in the future. In addition, the Company is in default under the terms of loan agreements for both its industrial revenue bonds (Note 2) and notes payable to a Puerto Rico Bank (Note 3). The uncertainty as to the ability of the shareholders to provide additional financing to the Company, the events of default on its debt and the Company's inability to meet its obligations, unless a debt restructuring agreement is reached with its creditors (Notes 2 and 3), create substantial doubt as to the Company's ability to continue its business as a going concern. However, the accompanying financial statements have been prepared assuming that the Company will continue its business as a going concern and, therefore, no adjustments have been made relating to the recoverability and classification of recorded asset amounts or the amounts of liabilities, that might be necessary should the Company be unable to continue as a going concern.

(2) Industrial Revenue Bonds

On October 1, 1987, the Company entered into a loan agreement with the Puerto Rico Industrial, Medical, Higher Education and Environmental Pollution Control Facilities Financing Authority ("AFICA") which resulted in AFICA's issuance of $38,000,000 of Industrial Revenue Bonds, 1987 Series A (the "Bonds") on October 8, 1987. The Bonds are unconditionally guaranteed on a senior basis as to the timely payment of principal and interest by Southmark. The Bonds are additionally collateralized by a first mortgage on the Sands San Juan.

The Bonds were issued in four series, maturing October 1, 1992 through October 1, 2007 and bear interest at rates ranging from 9.5% to 11.75% as follows:

Maturity	Interest Rate	Amount
1992	9.5%	$ 6,000,000
1997	10.75%	13,000,000
2002	11.375%	13,000,000
2007	11.75%	6,000,000
		$ 38,000,000

Interest is payable semiannually on April 1 and October 1 commencing April 1, 1988. No interest was paid during the three or nine month periods ended March 31, 1992. The Company paid no interest during the three month period ended March 31, 1991 and paid interest of $2,075,000 during the nine month period ended March 31, 1991.

The Bonds are subject to mandatory partial redemption commencing on October 1, 1993. The mandatory partial redemption is calculated to retire 20% annually of the respective series of the Bonds beginning in the fifth year before the maturity date of each series, with the exception of the 1992 series which are not subject to such redemption. Maturities of the Bonds during the next five fiscal years consist of the 1992 series of $6,000,000 on October 1, 1992 and the mandatory partial redemption of the 1997 series of $2,600,000 each on October 1, 1993, 1994 and 1995.

The Bonds are redeemable at the Company's option on or after October 1, 1994. The redemption premium is initially at 106% and declines 2% per year to 100% on October 1, 1997.

In July 1989, Southmark filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. This action by Southmark, as guarantor of the Bonds, constituted an event of default under the provisions of the loan agreement. Southmark emerged from Chapter 11 in July, 1990; however, any claims asserted in connection with its guarantee of the Company's Bonds are subject to the provisions governing the contingency claims class of creditors provided for in Southmark's plan of reorganization, as adopted. The amount, if any, that ultimately may be paid by Southmark under the guarantee claim cannot be currently determined.

On March 27, 1991, due to continuing cash operating deficits, the Company notified the Trustee for the Bonds that the Company would be unable to make the April 1, 1991 semi-annual interest payment due in the amount of $2,075,000 and announced that it intended to present a restructuring plan to

its bondholders as well as to a Puerto Rico bank (Note 3). Subsequent to the announcement, discussions have been held under a confidentiality agreement with certain bondholders, which would allow the Company to propose a restructuring plan to all bondholders. The Trustee has formally notified the Company that it is in default under the mortgage deed and the loan agreement and has requested payment of the delinquent interest by Southmark as guarantor, but to date has taken no action to accelerate payment of the Bonds or foreclose on the mortgaged property. No semi-annual interest payments were made on October 1, 1991 or April 1, 1992.

Because of these events of default, the Bonds have been included in current liabilities on the accompanying balance sheets, in accordance with generally accepted accounting principles.

On April 3, 1991, the Trustee notified the Company that, because the Trustee bank was also a creditor of the Company (Note 3), it was resigning in accordance with the requirements of the Trust Indenture Act of 1939, as amended, effective upon acceptance of appointment by a successor trustee.

On September 30, 1991, the Company filed a preliminary registration statement with the Securities and Exchange Commission with respect to a proposed Exchange Offer (the "Exchange Offer") which proposed certain new securities to be issued in exchange for 100% of the currently outstanding Bonds. Subsequent operating results of the hotel have continued to be adversely affected by the continuing economic recession and consequently the terms of the proposed exchange offer are no longer viable. Accordingly, the company and its financial advisor are currently developing a new restructuring plan, and, in this connection, holding discussions with certain bondholders under confidentiality agreements. The new restructuring plan, when formulated, will be used as the basis for either a new exchange offer or a plan of reorganization under Chapter 11 of the United States Bankruptcy Code ("Chapter 11").

If the company is not successful in its attempt to develop an acceptable restructuring plan,it may be forced to seek protection under Chapter 11.

(5) Note Payable

The Company established a $5 million line of credit with a Puerto Rico bank for working capital purposes. The line of credit bears interest at the rate of 10.25%.

The line of credit agreement expired on April 17, 1989 and the bank demanded payment by the Company and by Southmark, as guarantor. Based upon certain commitments given to the bank by Southmark, as guarantor of the credit facility, including the assignment by Southmark to the bank of a second lien against the hotel in the amount of $9,480,000, the bank agreed

not to enforce its rights and remedies under or with respect to the guarantee until October 17, 1990. Since October 17, 1990, the note has been payable on a demand basis; however, to date, the bank has not made any additional demand upon the Company for payment.

Concurrently with the discontinuance of the interest payment on the Bonds, the Company discontinued making interest payments on this note and announced its intention to present a restructuring plan (Note 2).

SOUTHMARK SAN JUAN, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

The Company financed the acquisition of the Sands San Juan, including certain pre-opening costs and initial working capital, through the issuance of $38 million of long-term debt, $5 million of short-term bank debt and shareholders' contributions and advances. Operating deficits for 1988 and 1989 were financed by additional shareholders' advances and in 1990 by shareholders' advances and business interruption insurance proceeds. At March 31, 1992, the Company's current liabilities exceeded its current assets by approximately $73.3 million. This deficit in working capital reflects the current classification of $38 million of industrial revenue bonds as a result of events of default under the related loan agreement. These events of default consist of the Company's inability to make the semi-annual interest payment due April 1, 1991 in the amount of $2,075,000 and the July 1989 filing by Southmark of a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code. This action by Southmark, as guarantor of the Bonds, constituted an event of default under the provisions of the loan agreement. Southmark emerged from Chapter 11 in July 1990; however, any claims asserted in connection with its guarantee of the Company's Bonds are subject to the provisions governing the contingency claims class of creditors provided for in Southmark's plan of reorganization as adopted. The amount, if any, that ultimately may be paid by Southmark under the guarantee claim cannot be currently determined.

The Trustee has formally notified the Company that it is in default under the mortgage deed and the loan agreement and has requested payment of the delinquent interest by Southmark as guarantor, but to date has taken no action to accelerate payment of the Bonds or foreclosure on the mortgaged property.

On September 30, 1991, the Company filed a preliminary registration statement with the Securities and Exchange Commission with respect to a proposed Exchange Offer (the "Exchange Offer") which proposed certain new securities to be issued in exchange for 100% of the currently outstanding Bonds. Subsequent operating results of the hotel have continued to be adversely affected by the continuing economic recession and consequently the terms of the proposed exchange offer are no longer viable. Accordingly, the company and its financial advisor are currently developing a new restructuring plan, and, in this connection, holding discussions with certain bondholders under confidentiality agreements. The new restructuring plan, when formulated, will be used as the basis for either a new exchange offer or a plan of reorganization under Chapter 11 of the United States Bankruptcy Code ("Chapter 11").

If the company is not successful in its attempt to develop an acceptable restructuring plan, it may be forced to seek protection under Chapter 11.

Results of Operations

Casino Operations	Three Months Ended March 31, 1992	1991	Nine Months Ended March 31, 1992	1991
Table games:				
Gross wagering	$ 15,709,000	$ 12,528,000	$ 39,561,000	$ 39,745,000
Win percentage	15.3%	16.7%	15.9%	14.8%
Revenues	$ 2,409,000	$ 2,098,000	$ 6,291,000	$ 5,895,000
Slot machine revenues	379,000	311,000	1,101,000	1,001,000
Departmental expenses	1,849,000	1,705,000	5,022,000	5,222,000

Gross table games wagering increased by $3,181,000 (25.4%) compared to the corresponding quarter of 1991 primarily due to the adverse effect of the Persian Gulf War on 1991 activity. This improvement was partly offset by a decrease in the win percentage of 1.4 percentage points.

Slot machine revenues increased during the same period by $68,000 (21.9%) for similar reasons.

Table games wagering for the nine months ended March 31, 1992 was virtually unchanged from the comparable results for the nine months ended March 31, 1991; however, revenues increased by $396,000 (6.7%) due to a 1.1 percentage point increase in the win percentage.

Slot machine revenues for the nine months ended March 31, 1992 increased by $100,000 (10%) primarily due to increased business from cruise ship passengers and local patrons.

Departmental expenses increased by $144,000 (8.4%) during the third quarter of fiscal year 1992 due to increased gaming activity, but declined by $200,000 (3.8%) for the nine month period ended March 31, 1992 primarily because of planned operating efficiencies.

Hotel Operations	Three Months Ended March 31, 1992	1991	Nine Months Ended March 31, 1992	1991
Room revenues	$ 4,228,000	$ 3,856,000	$ 9,901,000	$10,809,000
Departmental expenses	1,095,000	1,023,000	3,013,000	3,212,000
Paid occupancy rate	77.1%	76.2%	69.8%	77.5%
Average daily rate	$ 148.65	$ 140.30	$ 124.72	$ 122.40

Hotel revenues increased by $372,000 (9.6%) during the third quarter of 1992 compared to 1991 due to the adverse impact of the Persian Gulf War on 1991

revenues and to revision of a major airline's contract for crew rooms from a minimum of 80 rooms nightly at a rate of $60.00 per room to a minimum of 50 rooms nightly at a rate of $75.00 per room.

Hotel revenues for the first nine months of fiscal 1992 declined by $908,000 (8.4%) due to the continuing impact of the recession in the northeast United States; the metropolitan New York area is the hotel's primary market

	Three Months Ended March 31,		Nine Months Ended March 31,	
Food and Beverage Operations	1992	1991	1992	1991
Food and Beverage Revenues	$ 1,346,000	$ 1,208,000	$ 3,704,000	$ 3,898,000
Departmental expenses	1,095,000	1,055,000	3,031,000	3,398,000

Food and beverage revenues increased by $138,000 (11.4%) during the third quarter of 1992, but declined by $194,000 for the nine months ended March 31, 1992 compared to the comparable periods of the prior year due to the same factors which affected hotel revenues during these periods.

Departmental expenses as a percentage of revenues declined from 87.3% during the third quarter of 1991 to 81.4% for the same period of 1992 and from 87.2% during the nine months ended March 31, 1991 to 81.8% for the comparable period of 1992. These decreases are primarily the result of improved cost control measures implemented by management

	1992	1991
Selling, general and administrative expenses		
Three months ended March 31	$ 2,749,000	$ 2,434,000
Nine months ended March 31	7,848,000	7,653,000

Selling, general and administrative expenses increased by $315,000 (12.9%) during the three months ended March 31, 1992, and by $195,000 (2.5%) during the nine months ended March 31, 1992 compared to the like periods in 1991. Recurring expenses have generally been reduced, primarily attributable to cost savings programs implemented by management. Such reductions have been offset, however, by an increase in debt restructure costs incurred of $300,000 and $730,000, respectively, during the three and nine month periods ended March 31, 1992.

	1992	1991
Interest Expense		
Three months ended March 31	$ 1,515,000	$ 1,626,000
Nine months ended March 31	4,727,000	5,032,000

Interest expense decreased $111,000 (6.8%) for the third quarter and $305,000 (6.1%) for first nine months of fiscal year 1992 in comparison with the corresponding periods of fiscal 1991 due to a continuing decline in the interest rates charged on shareholder advances.

Federal Income Taxes

No Federal income taxes have been provided due to losses for both financial and tax reporting purposes.

The Company has not adopted the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Adoption of the requirements of the Statement, presently anticipated in 1993, is not expected to have a material effect on financial position, results of operations or liquidity.

Part II: OTHER INFORMATION

The registrant did not file any reports on Form 8-K during the quarter ended March 31, 1992.

SIGNATURES:

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant had duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SOUTHMARK SAN JUAN, INC.
Registrant

Date: May 14, 1992

By: John C. Hull
John C. Hull
Vice President and
Acting Chief Financial Officer